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## **HECB urges \$1.1 billion state investment in higher education**

**OLYMPIA** — The Washington Higher Education Coordinating Board (HECB) today proposed the state increase spending on its colleges and universities by \$1.1 billion to handle rapidly increasing enrollment demand, to halt the erosion of core funding for instruction programs, and to increase financial support to needy students and scholarship winners.

“The time has come for the state to renew its commitment to higher education as one of its primary duties,” said Bob Craves, board chair. “And the state must consider new revenue sources if current funds can’t pay for these needed investments.”

Marc Gaspard, executive director of the Board, said the state must act now to accommodate the growing number of students who need to get into the higher education system.

“Our colleges and universities are already enrolling 12,000 students for whom they do not receive state support, and we know the demand for education and training will only increase.” Gaspard said. “At the same time, we recognize our schools must compete both academically and economically against some of the country’s best schools. To keep its competitive edge, the state must get back to its commitment to maintain a healthy higher education system.”

Craves added, “Right now in Washington, at least one-fourth of all high school graduates who could go on to college don’t because they don’t have the financial means to do so. The state needs to step up to its commitment to fully fund financial aid so the doors of higher education remain open for these needy students.”

To accomplish critical funding goals, the HECB identified operating and capital budget needs for the 2003-05 biennium and recognized that, because of the fiscal constraints on the state budget, the investment could be made over the next four years.

The Board also maintained its stance on tuition policy by recommending public colleges and universities be granted the authority to set tuition levels for all types of students, including resident undergraduates. Currently, the Legislature and Governor set resident undergraduate tuition limits. In return, the board said the colleges and universities should clearly explain how additional funds are used, along with the benefits to the state.

The Board recommended funding increases in four major areas:

- **New enrollments (\$204 million in operating budget)** – Funds would support 15,571 new full-time enrollment slots (FTEs) at the two-year and four-year colleges and universities. Most of

these enrollments should be used to expand capacity at the community and technical colleges, and to increase enrollment in “high-demand” programs whose graduates are in demand by the state’s businesses.

- **Restore “core funding” (\$797 million in operating budget)** – Funds would raise state support for Washington’s two-year and four-year institutions to the average of comparable institutions nationwide. Core funding provides the foundation for critical undergraduate and graduate instructional programs.
- **Financial aid (\$103 million in operating budget)** – Funds would:
  - a) Restore the purchasing power of grants and scholarships that were eroded by this year’s double-digit tuition increases and budget cuts;
  - b) Keep up with future tuition hikes; and
  - c) Achieve the HECB goals of providing State Need Grants equal to full public tuition to students whose family income is up to 65 percent of the state median (currently 65 percent of the state’s median family income is \$41,500 for a family of four).
- **Capital funding for preservation and expansion (\$952 million in capital budget)** – Funds from state general obligation bonds and other sources would:
  - a) Begin to reduce the backlog of replacement, preservation and renovation needs of higher education facilities;
  - b) Ease overcrowding and improve deficient facilities in the community and technical colleges; and
  - c) Complete a number of major construction projects at the regional comprehensive institutions and the research universities’ branch campuses.

The 2003-05 budget recommendations come at a time when the entire higher education system is under significant stress. Years of restricted state support have eroded per-student funding just as thousands of new students are trying to get a college education. For example, Craves said:

- **Per-student state funding** has declined by 9 percent since the 1991-93 biennium at the state’s four-year college and universities when adjusted for inflation. Declining per-student funding limits class offerings and student services, and contributes to the “brain drain” of top faculty. Funding for Washington’s colleges and universities is well below the average of comparable institutions across the country.
- **Colleges and universities aren’t receiving enough money** to serve current enrollments. To serve more students despite limited state funds, colleges and universities are serving 12,000 more full-time students than the number supported by the state budget. Nearly 9,000 of these “over-enrollments” are at the community and technical colleges. Job training and retraining programs, often used by older students who need to change careers, are over-crowded at all two-year colleges.
- **Thousands of new enrollments are needed** in the next few years. By 2010, the state will need to create space for 29,000 additional state-funded enrollments (FTEs) just to keep pace with population growth. The main reason is that the size of the prime college-going population of 17- to 29-year-olds is expected to increase 15 percent during the next eight years.

- **Students and families are facing large tuition hikes.** Students are paying an increasing share of educational costs in the form of large tuition increases. Over the last 10 years, tuition has increased by more than 100 percent – nearly twice as fast as personal income, and four times faster than inflation. Student debt is increasing, and many students are being priced out of college.

The Board's recommendation now goes to the Governor and Legislature for review. An outline of the HECB recommendation is attached.

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**"Sizing the Problem"**  
**2003-05 Biennium**  
**Dollars in Millions**

**Revenues:**

<b>2003-05 Revenue Forecast (September 2002)</b>	\$22,700
12.2 Percent	\$2,769

**Expenditures:**

<b>Higher Education Budget Requests</b>		Amount Over 2001-03
<b>Current 2001-03 Biennium</b>	\$2,734	
<b>2003-05 Maintenance Level</b>	\$2,751	\$17
<b>Policy Adds (priced)</b>		
Enrollments	\$124	
Core funding (UW and WSU)	\$96	
Part-time faculty salaries (CTC)	\$20	
Financial aid (HECB)	\$20	
Other	\$35	
Subtotal Budget Requests	\$295	\$312
<b>Unpriced Policy Adds</b>		
<b>Faculty Salaries</b>	\$80	
At the comprehensives and the SBCTC; faculty salaries for the research universities are included in the core funding proposal; assumes COLAs of 2.1%/2.4% plus recruitment and retention funds of 3% each year		
<b>Financial Aid</b>	\$27	
Assumes annual tuition increases of 6.75% and 6.75% in the 2003-05 biennium		
<b>Total request 2003-05</b>	\$3,153	\$419

<b>2003-05 Institutional and HECB Budgets Based on Benchmarks and Board Policies</b>		
<b>Additional enrollments to maintain participation rates</b>	\$204	\$204
Maintain current service levels (Fall 2000 participation rate) plus providing targeted expansions in workforce training and high-demand fields - adds 15,571 FTE students by FY 2005		
<b>Current enrollments funded at benchmarks</b>	\$3,267	\$797
Budgeted 2002-03 enrollments funded at the peer averages beginning 2003-04		
<b>Financial aid funding at HECB policy levels</b>	\$367	\$103
Full funding of the financial aid programs including the State Need Grant awards to cover the full cost of tuition and serving students up to 65% of the state's median family income and the Promise Scholarship award equal to the full CTC tuition		
<b>Total Operating Budget</b>	\$3,838	\$1,104